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**MY BROTHER'S TABLE, INC.**

REPORT ON AUDIT  
OF FINANCIAL STATEMENTS

MARCH 31, 2019 AND 2018

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**MY BROTHER'S TABLE, INC.**

REPORT ON AUDIT OF FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
My Brother's Table, Inc.

We have audited the accompanying financial statements of My Brother's Table, Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of March 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of My Brother's Table, Inc. as of March 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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**Report on Summarized Comparative Information**

We have previously audited My Brother's Table, Inc.'s 2018 financial statements, and our report dated October 30, 2018, expressed an unqualified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Topsfield, Massachusetts  
October 22, 2019

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MY BROTHER'S TABLE, INC.

STATEMENTS OF FINANCIAL POSITION  
MARCH 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents, substantially all in interest bearing accounts	\$ 106,251	\$ 298,896
Investments	1,024,317	991,128
Inventories, at the lower of cost or fair market value	90,364	98,909
Deposit and prepaid expenses	18,372	23,164
Cash restricted for fiscal agency	25,595	46,342
Investments restricted for long-term investment	112,348	110,689
Fixed assets, net	<u>142,488</u>	<u>157,896</u>
 TOTAL ASSETS	 <u>\$ 1,519,735</u>	 <u>\$ 1,727,024</u>

LIABILITIES AND NET ASSETS

Liabilities -		
Accounts payable and accrued expenses	\$ 50,226	\$ 44,813
Agency liability	<u>25,595</u>	<u>46,342</u>
 TOTAL LIABILITIES	 <u>75,821</u>	 <u>91,155</u>
Net assets:		
Without donor restrictions:		
Operating	502,867	687,935
Board-designated	735,000	735,000
With donor restrictions	<u>206,047</u>	<u>212,934</u>
 Total net assets	 <u>1,443,914</u>	 <u>1,635,869</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,519,735</u>	 <u>\$ 1,727,024</u>

*The accompanying notes are an integral part of these financial statements.*

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MY BROTHER'S TABLE, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2019  
(with comparative totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
<b>SUPPORT AND REVENUES:</b>				
In-kind donations	\$ -	\$ 644,338	\$ 644,338	\$ 635,473
Contributions, promises to give and memorials	378,049	1,200	379,249	382,512
Special events, net of costs of direct benefits	112,526	-	112,526	84,711
Grants	-	15,150	15,150	67,300
Net gain (loss) on investments	5,822	(981)	4,841	35,538
Investment income, net	20,932	2,641	23,573	23,981
	517,329	662,348	1,179,677	1,229,515
Net assets released from program restrictions	669,235	(669,235)	-	-
Total support and revenues	1,186,564	(6,887)	1,179,677	1,229,515
<b>EXPENSES:</b>				
<b>PROGRAM SERVICES:</b>				
Food	1,055,500	-	1,055,500	1,020,486
Volunteer	71,014	-	71,014	100,164
Advocacy	58,279	-	58,279	55,134
Total program services	1,184,793	-	1,184,793	1,175,784
<b>SUPPORT SERVICES:</b>				
Management and general	119,871	-	119,871	101,353
Fundraising	66,968	-	66,968	91,832
Total support services	186,839	-	186,839	193,185
Total expenses	1,371,632	-	1,371,632	1,368,969
CHANGE IN NET ASSETS	(185,068)	(6,887)	(191,955)	(139,454)
NET ASSETS, BEGINNING OF YEAR	1,422,935	212,934	1,635,869	1,775,323
NET ASSETS, END OF YEAR	\$ 1,237,867	\$ 206,047	\$ 1,443,914	\$ 1,635,869

*The accompanying notes are an integral part of these financial statements.*

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0MY BROTHER'S TABLE, INC.STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2019  
*(with comparative totals for 2018)*

	Food	Volunteer	Advocacy	Management and General	Fundraising	2019 Totals	2018 Totals
Direct food costs:							
Food	\$ 647,728	\$ -	\$ -	\$ -	\$ -	\$ 647,728	\$ 636,344
Supplies	36,681	-	-	-	-	36,681	31,471
Salaries and contract	55,753	-	-	-	-	55,753	46,746
Total direct food costs	740,162	-	-	-	-	740,162	714,561
Payroll costs:							
Salaries and wages	99,971	46,103	31,833	47,301	23,657	248,865	291,376
Payroll taxes and benefits	31,666	9,375	6,473	9,618	4,810	61,942	71,428
Total payroll costs	131,637	55,478	38,306	56,919	28,467	310,807	362,804
Other costs:							
Occupancy	113,953	6,486	6,486	8,108	6,486	141,519	140,199
Printing and postage	-	-	5,779	2,368	2,043	10,190	9,760
Depreciation	20,158	523	523	523	523	22,250	23,460
Repairs and maintenance	12,197	-	-	810	-	13,007	15,833
Other program costs	21,987	3,238	2,100	17,916	5,683	50,924	27,337
Insurance	12,663	1,535	1,535	1,919	1,535	19,187	17,298
Professional fees	-	-	-	9,354	7,588	16,942	9,137
Office expense	512	3,094	3,094	21,277	14,304	42,281	45,432
Telephone	2,231	660	456	677	339	4,363	3,148
Total other costs	183,701	15,536	19,973	62,952	38,501	320,663	291,604
Costs of direct benefits to donors	-	-	-	-	40,584	40,584	46,142
Total expenses by function	1,055,500	71,014	58,279	119,871	107,552	1,412,216	1,415,111
Less items included within support and revenues	-	-	-	-	(40,584)	(40,584)	(46,142)
Total expenses per Statement of Activities	\$ 1,055,500	\$ 71,014	\$ 58,279	\$ 119,871	\$ 66,968	\$ 1,371,632	\$ 1,368,969

The accompanying notes are an integral part of these financial statements.

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MY BROTHER'S TABLE, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (191,955)	\$ (139,454)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	22,250	23,460
Unrealized (gain) loss in market value of investments	5,224	(26,587)
Realized gain on sale of investments	(10,066)	(8,951)
Cash provided by (used in) changes in:		
Inventories	8,545	(3,902)
Deposit and prepaid expenses	4,792	3,884
Accounts payable and accrued expenses	5,413	7,672
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(155,796)</u>	<u>(143,878)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to property and equipment	(6,842)	(7,699)
Proceeds of investment sales	246,735	55,393
Purchases of investments	(276,742)	(576,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(36,849)</u>	<u>(528,306)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(192,645)	(672,184)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>298,896</u>	<u>971,080</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 106,251</u>	<u>\$ 298,896</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

*The accompanying notes are an integral part of these financial statements.*



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MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019 AND 2018

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**1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES:**

**OPERATIONS:**

My Brother's Table, Inc., "The Table," (a Massachusetts corporation, not for profit) is a social service agency supporting the poor and hungry of Lynn, Massachusetts and surrounding communities through its food, volunteer, and advocacy programs. The Table's programs include:

**Food Programs** - The Table served over 170,000 free meals last year. Dinner is served 365 days a year and lunch is served Monday through Friday. These meals are served by volunteer groups and individuals. In addition to meals served on-site, the Table provides meals to those incarcerated by the city each weekend and holidays; to those who are homebound due to chronic illness or disability; to seniors through the Greater Lynn Senior Services Community Café; to families through a community support program; and to young mothers and their children through a community day care center. Once a week, guests can meet with volunteer medical staff through the Table's free medical clinic and receive basic medical care and personal care items. As of February, 2018, the Table also provides meals to guests of the Recuperative Care Center.

**Volunteer Programs** - The Table coordinates the scheduling of hundreds of volunteer groups and individuals in administering its food programs. In addition, the Table provides supervised placements for people of all ages performing court-ordered and school community service. Still others are placed at the Table for job training experience at no cost to the Table. The Table also sponsors *ServeSafe* certification for community service participants.

**Advocacy Programs** - The Table makes hundreds of referrals each year to other agencies and programs so that guests might receive necessary services. The Table participates in several local coalitions that support the rights, as well as, the health and nutritional needs of Lynn residents including Lynn CoC, Lynn Nonprofit Business Association, New Lynn Coalition, Lynn Health Task Force and the Lynn Hunger Network. The Table also operates a free episodic health care clinic that provides immunizations, wellness testing and instruction, over the counter medications, wound care, foot care and other short-term medical treatment.

**SIGNIFICANT ACCOUNTING POLICIES:**

**Comparative Financial Statements**

The financial statements include certain prior-year summarized comparative information in total by not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Table's financial statements ended March 31 of the prior year, from which the summarized information was derived.

**Management's Review**

Management has evaluated events and transactions for potential recognition or disclosure through October 22, 2019, the date the financial statements were available to be issued.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

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MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019 AND 2018

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1. **SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Cash Equivalents**

For the purpose of presentation in the statements of cash flows, the Table considers liquid temporary investments with original maturities of 90 days or less to be cash equivalents. Cash equivalents consist of money market accounts. The Table maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Table has not experienced any losses in such accounts. The Table believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Financial Statement Presentation**

The Table classifies net assets, revenues, gains and losses based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions represent the portion of net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, \$735,000 for future equipment replacement or building acquisition costs.
- Net assets with donor restrictions represent the portion of net assets subject to donor- (or certain grantor-) imposed restrictions. Certain donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources to be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Investments**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to unobservable inputs (Level III measurements). The levels of the fair value hierarchy are described below:

**Level I:** are quoted prices in active markets for identical investments at the reporting date. The type of investments generally included in this category includes listed equities and mutual funds.

**Level II:** are inputs (other than quoted prices in active markets included within Level I), which are either directly or indirectly observable at the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds, less liquid and restricted equity securities, and certain over-the-counter derivatives.

**Level III:** are unobservable inputs for the investment and include situations where there is little, if any, market activity for the investment.

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MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019 AND 2018

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1. **SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Investments (continued)**

All investments include listed equity or debt instruments which are publicly traded, and whose fair value is therefore classified and disclosed as Level I. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment income, primarily interest and dividends, is recorded when earned and considered available for unrestricted use unless otherwise restricted by the donor. Realized and unrealized gains and losses are determined on the basis of specific identification and recognized on a trade-date basis.

**Contribution and Grant Revenue**

Unrestricted contributions are recorded as public support and unrestricted net assets when received. Grants and contributions received with restrictions placed on their designated program use are recorded in the accompanying financial statements as temporarily restricted net assets. Grants and contributions received with restrictions placed on their use for the purchase of long-lived assets are recorded in the accompanying financial statements as temporarily restricted net assets. Grant revenue is recorded over the period covered by the grant as expenses related directly to the grant are incurred, or in the case of grants for the purchase of long-lived assets, revenue is recorded over the related useful life of the asset purchased.

It is the Table's policy to apply a time restriction, based on a long-lived asset's useful life, on donations to be used to acquire long-lived assets. Accordingly, those donations are recorded as increases in temporarily restricted net assets. The Table reclassifies temporarily restricted net assets to unrestricted net assets each year for the amount of depreciation expense relating to the long-lived asset.

**Unconditional Promises to Give**

Unconditional promises to give (contributions) are recorded in the financial statements as pledges receivable and revenue of the appropriate net asset category in the year the pledge is made.

**In-kind Food Donations and Food Inventories**

The Table provides a daily dinner program and an additional weekday lunch program on site, a dinner shuttle program for those individuals who are unable to come to the Table's dining room because of chronic illness or disability, and issues surplus food to other community non-profit agencies. Donated food and related supplies are solicited and goods are received, stored and prepared for program use at The Table. Upon receipt of certain foods, specifically those received from the Greater Boston Food Bank, The Table receives an invoice indicating the contents and fair market value of the donation. All other foods and related supplies received, including catered meals provided and served by volunteer organizations, are valued at their fair market value obtained by reference to supplier price lists by product weight.

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MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019 AND 2018

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1. **SIGNIFICANT ACCOUNTING POLICIES (continued):**

**In-kind Food Donations and Food Inventories (continued)**

At March 31, 2019 and 2018, the fair value of food and related supply inventories in storage was \$90,364 and \$98,909, respectively.

In-kind food, meals and kitchen supplies are reflected in the accompanying financial statements, based upon the fair value assigned, as temporarily restricted in-kind donations.

**Donated Services**

The success of The Table's food programs is dependent upon the non-specialized services of volunteers from the community, area schools and churches in the preparation and delivery of meals. The value of these particular services has not been recorded in the accompanying financial statements because the criteria for recognition of such volunteer effort under generally accepted accounting principles have not been satisfied.

During the fiscal years ended March 31, 2019 and 2018, the Table received donated professional services (legal, medical, financial and other) in the amount of \$42,154 and \$20,163, respectively. These contributions are reflected in in-kind contributions and other program costs in the related Statement of Activities and Statement of Functional Expenses, respectively.

**Depreciation**

Property and equipment acquisitions are recorded at cost or, if contributed, at fair market value. The Table provides for depreciation of its fixed assets using accelerated and straight-line methods over estimated useful lives of five to thirty one and one half years. Purchases of capital goods exceeding \$1,000 are capitalized.

Maintenance and repairs are charged to expense in the period incurred. The cost and accumulated depreciation of assets retired or sold are removed from the statement of financial position and any gain or loss is credited or charged to income.

**Impairment of Long-Lived Assets**

The Table has given consideration to impairment of its long-lived assets in its presentation of these financial statements. The Table has not recognized any reduction in the carrying value of its property.

**Functional Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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0MY BROTHER'S TABLE, INC.NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019 AND 2018**1. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*:**Tax Status**

The Table was incorporated under the provisions of Chapter 180 of the General Laws of the Commonwealth of Massachusetts. The Table is a nonprofit organization exempt from federal income taxes (not a private foundation) under section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions made to The Table within the Internal Revenue Code regulations. Information returns filed for the fiscal years 2018, 2017 and 2016 remain subject to review by the Internal Revenue Service and the state of Massachusetts.

**Uncertainty of Income Taxes**

The primary tax positions made by the Table are the existence of unrelated business income and the Table's status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Table currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. For the years presented, the Table has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation.

**2. FIXED ASSETS**

Fixed assets are comprised of the following at March 31, 2019 and 2018:

	2019	2018
Equipment	\$ 167,272	\$ 164,829
Leasehold improvements	197,304	195,430
Office furniture and equipment	85,666	83,141
Delivery vehicles	42,285	42,285
	<u>492,527</u>	<u>485,685</u>
Less accumulated depreciation	350,039	327,789
Fixed assets, net	<u>\$ 142,488</u>	<u>\$ 157,896</u>

**3. INVESTMENTS**

Fair value measurement was determined using Level I inputs and as of March 31, 2019 and 2018 and investments consist of the following:

	2019		2018	
	Cost	Market	Cost	Market
Common stocks	\$ 108,796	\$130,679	\$ 9,179	\$ 10,175
Cash equivalents	172,752	172,752	558,952	558,952
Equity mutual funds, ETFs, CEFs	709,892	750,384	457,816	524,659
Fixed income	81,599	82,850	7,020	8,031
	<u>\$1,073,039</u>	<u>\$1,136,665</u>	<u>\$1,032,967</u>	<u>\$1,101,817</u>

The portfolio is diversified by type of investment and industry concentration so that no individual investment or group of investments represents a significant concentration of market risk.

*(Continued)*

MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019 AND 2018

3. INVESTMENTS (continued):

Net gain on investments for the years ended March 31, 2019 and 2018 is comprised of the following:

	2019	2018
Unrealized gain (loss) in market value of investments	\$(5,224)	\$26,587
Realized gain on sale of investments	10,065	8,951
Net gain on investments	\$4,841	\$35,538

At March 31, 2019 and 2018, investments with a fair value of \$112,348 and \$110,689, respectively, (see below) have been restricted by the donors for long-term investment (endowment). At March 31, 2019 and 2018, there were no deficiencies for donor-restricted endowment funds for which the fair value of the investments was less than the level required by donor stipulation or by law.

Investment income (dividends and interest) is presented net of investment fees of \$11,125 at March 31, 2019.

4. BENEFICIAL INTEREST IN PEPETUAL TRUST

The Table is a named beneficiary of the Joseph L. Amodeo Trust held by a third party trustee for the benefit of the Table and other not-for-profit organizations. The trustee calculates distributions by applying a "yield equivalency rate" (currently up to 4.5%) to the 12 quarter average of the trust's fair market value. Distributions are made quarterly to the beneficiaries and are reported by the Table as unrestricted income. For the years ended March 31, 2019 and 2018, the Table recognized trust income distributions of \$20,019 and \$17,680, respectively.

5. ASSETS RESTRICTED FOR LONG-TERM INVESTMENT

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring realized and unrealized gains of permanently restricted net assets to be retained in a temporarily restricted net asset classification until appropriated by the Board and expended. UPMIFA allows the Board to appropriate any amount it deems prudent, in the absence of a donor's expressed intent, after considering the duration and preservation of the net assets, the purpose of the net assets, general economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, other resources of the Table, and the Table's investment policy.

At March 31, 2019, the principal value of donor-imposed restricted assets is \$74,682. Changes in permanently restricted net assets were as follows:

	2019		2018	
	Cash	Investments	Cash	Investments
Balance, beginning of year	\$ 8,853	\$101,836	\$2,436	\$ 98,084
Transfers/contributions	37,207	(37,207)	6,380	(6,380)
Investment income, net	471	2,169	37	3,983
Realized gain	-	5,358	-	1,499
Unrealized gain (loss)	-	(6,339)	-	4,650
Appropriation for expenditure	-	-	-	-
Balance, end of year	\$46,531	\$ 65,817	\$8,853	\$101,836

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MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019 AND 2018

**5. ASSETS RESTRICTED FOR LONG-TERM INVESTMENT** *(continued)*

Restricted assets are comprised of donor-restricted funds for long-term purposes. The Table invests primary in equity and fixed income mutual funds and money market funds.

Investment income and gains on assets restricted for long-term investment have been classified as temporarily restricted until appropriated for expenditure by the Table's Board of Directors (see Note 8). The Table has been accumulating the investment returns of its permanently restricted investment portfolio and spending the investment returns of its cash portfolio.

To satisfy its rate of return objectives, the Table relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Table maintains a diversified asset allocation across both equity-based and fixed income investments to achieve its long-term objectives within prudent risk constraints.

**6. LEASE COMMITMENT**

The Table leases its premises from the City of Lynn, MA, under the terms of an operating lease which expires June 30, 2020. Monthly base rent and common expense rent under the lease agreement is \$3,046 per month and is adjusted annually for adjustments in CPI. The Table is responsible for its own occupancy costs.

Future minimum lease obligations, without consideration for annual inflation increases, are \$36,552 per year.

**7. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes:

	2019	2018
Inventory to be used in food program	\$ 90,364	\$ 98,909
Unappropriated gains on permanently restricted net assets	37,665	36,007
Grants restricted for the purchase of infant formula	3,336	3,336
	<u>\$131,365</u>	<u>\$138,252</u>

Permanently restricted net assets consist of endowment fund assets to be held in perpetuity with income available to support the Table's general program activities (see Note 6).

**8. RETIREMENT PLAN**

The Table offers a SIMPLE (Savings Incentive Match Plan for Employees) retirement plan under section 408(p) of the Internal Revenue Code to all eligible employees. For each calendar year, the Table contributes a matching contribution to each eligible employee's account equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year. All contributions to the plan are fully vested and non-forfeitable. For the years ended March 31, 2019 and 2018, the Table made matching contributions of \$4,495 and \$5,372, respectively. Included in accrued expenses at March 31, 2019 and 2018 are \$336 and \$847, respectively, in retirement matching contributions.

*(Continued)*

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MY BROTHER'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019 AND 2018

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**9. SIGNIFICANT CONCENTRATIONS OF RISK**

The Table's portfolio of common stocks and mutual funds have a fair market value at March 31, 2019 of \$542,865; representing 31% of its total asset base. The fair market value of these investments is not federal-insured and is subject to market fluctuation.

The Table received approximately 76% and 80% in 2019 and 2018, respectively, of its in-kind revenue from the Greater Boston Food Bank.

**10. RECLASSIFICATIONS**

During the year ended March 31, 2019, the Table implemented ASU 2016-14, *Financial Statements of Not-for-Profit Entities*. Accordingly the beginning balances of the net assets with donor restrictions (temporarily and permanently restricted) have been retroactively adjusted to consolidate all donor restricted net assets into one classification, *with donor restrictions*. The ASU requires additional disclosures in the areas of liquidity and endowment funds, modifies the direct method presentation of the Statement of Cash Flows, and requires reclassification of investment fees which are netted in investment return (see Note 4). In addition, it requires an adjustment where the Table was previously using the *placed-in-service* approach for long-lived assets to release donor restrictions on gifts to purchase long-lived assets. At March 31, 2018, net assets with donor restrictions of \$26,417 have been released (reclassified) to net assets without donor restrictions.

**11. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following:

Cash and cash equivalents	\$ 106,251
Investments	<u>289,317</u>
	<u>\$ 395,568</u>

Board-designated assets (\$735,000) are not included above due to spending limitations; however, these amounts could be made available, if necessary.

**12. INDEMNIFICATION**

The Table's governing document provides that the Table indemnify its officers and directors for certain events or occurrences that happen by reason of the fact that the officer or director is, was, or has agreed to serve as an officer or director of the Table. The maximum potential amount of future payments the Table could be required to make under these indemnification agreements is unlimited. The Table may also enter into other indemnification agreements in the normal course of business. As of March 31, 2019, the Table had not experienced any losses related to these indemnification obligations, and no claims with respect thereto were outstanding.